



Department of Justice

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MANULIFE TO PAY \$1 MILLION CIVIL PENALTY FOR VIOLATING ANTITRUST PREMERGER NOTIFICATION REQUIREMENTS

WASHINGTON, D.C. – Manulife Financial Corporation, a Canadian-based insurance and financial services company, has agreed to pay a \$1 million civil penalty to settle charges that the company violated antitrust premerger notification requirements when it acquired more than \$50 million of John Hancock common stock in the spring of 2003, the Department of Justice announced today.

The Department of Justice's Antitrust Division filed a civil lawsuit today in the U.S. District Court in Washington, D.C. against Manulife for violating the premerger notification and waiting period requirements of the Hart-Scott-Rodino (HSR) Act of 1976. At the same time, the Department filed a proposed settlement, that if approved by the court, will settle the charges.

According to the complaint, Manulife violated the Act when it failed to make the required premerger notification filing before acquiring more than \$50 million of John Hancock common stock in March of 2003. Manulife continued to acquire additional shares of John Hancock stock through the spring of 2003 – at which point it held about 1.5 percent of the stock, valued at approximately \$150 million – without complying with the Hart-Scott-Rodino Act.

Subsequent to the premerger notification violations alleged in the complaint, Manulife and John Hancock announced on September 28, 2003 that they had agreed to merge, and they consummated that transaction on April 28, 2004. The Department's suit does not challenge that merger.

The Hart-Scott-Rodino Act of 1976 imposes notification and waiting period requirements

on individuals and companies over a certain size before they can consummate acquisitions of stock or assets valued at more than \$50 million. Although the Hart-Scott-Rodino Act exempts acquisitions of 10 percent or less of a company's stock made "solely for the purpose of investment," the complaint alleges that at the time of these acquisitions in the spring of 2003, Manulife was considering a Manulife-John Hancock combination. Thus, Manulife's purchases of John Hancock stock were not made solely for the purpose of investment and were not exempt from the Act's notification and waiting period requirements, according to the complaint.

"The Hart-Scott-Rodino Act's exemption is limited to acquisitions that are 'solely' for the purpose of investment," said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division. "Acquisition of stock in a firm that you are considering merging with is not an acquisition made 'solely' for investment.

"The penalties here were reduced from the statutory maximum because Manulife, in addition to bringing the violation to our attention, cooperated with the Division's investigation and agreed to settle the matter quickly, before the Division was required to expend significant resources," Pate added.

The purpose of the HSR statute is to provide federal antitrust enforcement agencies an opportunity to investigate proposed transactions and determine whether the transactions would violate the antitrust laws. If the reviewing agency determines that a transaction violates the antitrust laws, it may seek to block that transaction before the waiting period expires.

A party is subject to a maximum penalty of \$11,000 a day for each day it is in violation of the HSR Act. The complaint alleged that Manulife was in violation of the Act from on or before March 24, 2003 through October 27, 2003.

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